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June 12, 2006

The Sullivan County Board of Commissioners  
c/o Mr. Ed Gil de Rubio, County Manager  
14 Main Street  
Newport, NH 03773

Dear Ed,

The following is a concise written report summarizing the results of the **Business Plan and Feasibility Assessment** relative to the development of a senior care and assisted living facility. This consists of two parts: (A) Market and Planning Overview, and (B) Business Plan and Feasibility Review.

A. **Market and Planning Overview**

The Market and Planning Overview was provided on April 25. For purposes of reference, this information is repeated in this section. "Phase I" of the Business Plan and Feasibility Assessment relative to the development of a senior care and assisted living facility consisted of a detailed Market and Planning Overview in order to outline a Definitive Conceptual Plan for market testing via the focus groups. An Executive Summary of this overview follows:

1. **General Background**

We are in substantial agreement with Clough Harbour's June, 2005 "Assisted Living Facility" study. We reviewed this extensively with the author, Gerald Coogan. Our need and market projections are somewhat greater since we were able to project to 2010 using information from Claritas/National Planning Data Corp. One of the six residential/assisted homes has closed since the previous study. The most significant competitor (Summercrest) was not previously identified because it operates under a special program without state licensure.

Offering nursing and rehabilitation services as part of the continuum of care (either on-site or off-site) is a big advantage in senior and assisted community marketing. It is particularly advantageous if the reputation is positive. In order to get an initial indication relative to the reputation of Sullivan County Health Care, we conducted close to thirty interviews including clergy, bankers, health providers, seniors, government representatives, planners, realtors, business leaders, VRH Ladies Union Aid, and the like. Typical comments included:

"Always excellent."

"Had some bad publicity, state deficiencies, possible stigma."

"Best in the county. Improved in the last three years. Professionally: no negatives."

"Generally, quite well regarded."

"Really good, MacConnell great. Some to Haven Health because in-town."

"Very good reputation. Best staff—residents receive more care, person-centered care."

"All pastors like it there. Great resident focus and emphasis on spirituality."

"Best in county. Woodlawn not very good. Haven Health very poor—not get better there."

"MacConnell very good. Seniors with money will go to Sullivan County Health Care."

"Definitely improving. Haven Health not as good. MacConnell great reputation."

"Private management helped. Big improvement—that's what I hear."

"Sullivan County Health Care on the upswing."

"Very good: my mother-in-law was there."

"Good reputation."

We see the positive reputation (with some awareness of negative publicity) as a very favorable factor for successful development and marketing. We will test this further with the focus groups.

The primary site option is the 5-7 acre parcel near the pond at the entrance to the County Complex. Advantages appear to include: nice views, reasonable and buildable contours, no acquisition cost, available utilities, access to nursing and rehabilitation services on-site. For purposes of the focus group market test, we are referring to the proposed senior community as "The Meadows". Typical interview comments included:

"People will definitely come, not a problem."

"Kind of far out."

"Claremont residents won't have a problem with Unity."

"Perception: way out there."

"Very comfortable location for people around here."

"Nice spot--sunny: Maybe some 'county home' bias."

"Design and décor very important. Like this better than Maple Avenue."

"Correction Center on campus a small issue—must assure safety."

"Location probably okay."

"Maybe a little remote."

"People very comfortable with this location."

Very nice by the little pond."

"I like the country setting—personally prefer it to the city."

"I think there's a market for this location."

You will notice the reference to "Maple Avenue." During the course of our interviews, we were informed that the city has a "very preliminary" interest in developing an assisted living facility near the Claremont Senior Center. The possible sponsor may be Community-Based Services of Claremont, Inc., a non-profit 501(C)(3) corporation apparently affiliated with the city and the Claremont Housing Authority. Given that there is some mixed response relative to the site in Unity, this will give us a concrete possible city alternative to test with the focus group participants.

Finally, the previous report mentioned possible "county models" for the envisioned project in Sullivan County. We visited one: the Ernest P. Barka Assisted Living Community in Rockingham County. It should be noted that this county endeavor, and probably other county senior and assisted living projects, may be models for Sullivan County only in part. The Barka Center is successful, and added 19 more suites in March for a total of forty-nine licensed Supported Residential Care (assisted living) units. These are all small renovated suites that are in a former wing of the nursing home. They are all private pay with monthly costs up to \$3,600 plus medications. Reportedly, the county loses money on this operation. They are just now considering

state assistance (below cost) through the home and community-based care waiver program. Sullivan County is clearly dealing with different constraints and opportunities.

## **2. Industry Trends**

Please note the attached synopsis prepared by Health Care Management Associates, Inc.: Recent Gerontological Research for Seniors. It is difficult to overplay the significance of the research highlights: "active" longevity increases, rapidly narrowing gender gap, 50% decline in seniors residing with relatives, and the concomitant interest in continuum communities with accessible health services. This impacts absolute market numbers, the addition of a significant new market segment (men and couples), program variables, and future long range fiscal viability for a new community. These are not static trends, but rather vibrant observations that continue to gather steam over a twenty year period.

This underscores the impact of a healthier, active, productive seniority. Words like "quite dramatic" set the stage for projected market feasibility for an assisted senior community. A continuum community should focus on prevention and wellness, but long term care is inevitable for a minority of seniors.

Fitch Rating Services (public finance) "2006 Industry Outlook for Continuing Care Retirement Communities" report suggests a positive trend for such communities. It notes: "Fitch continues to view strong demand, high occupancy rates, and sound management practices as the core industry strengths. Industry positives include strong demand for services, solid cash flows, sound liquidity levels, good management practices, and a low interest rate environment." In other words, the planning for "The Meadows" is bolstered by a sound industry trend environment. Nonetheless, it must be based upon local conditions, and senior preferences and perceptions.

## **3. Market Dynamics**

Attachment 2 is "Sullivan County House Values by Resident Origin". While resident origin (previous residence) at Sullivan County Health Care is not an absolute market guide for "The Meadows", it is a likely indicator of the general market penetration. 82%

of the nursing residents previously resided in Sullivan County, and the remainder probably have a relative or other strong county connection. The Primary Market Area (PMA) is Claremont (44%) and Charlestown (14%). Adding Newport (13%) and Unity (3%) brings the PMA total to 74%. Because of this, the Greater Claremont area is critical to the market feasibility of "The Meadows", and we will be inviting focus group participants primarily from this area.

The Primary Market Area Weighted Average Sales Price was \$168,549. For the private market portion of the clientele (a crucial aspect for the success of this project) the key will be senior homeowners who will have available home equity. Typically, 90% of seniors own their homes mortgage free. House values have risen in the county, and in Claremont, and will likely continue to rise. The April 2006 edition of the Valley Business Journal had the following article: "Sales of Residential Real Estate Strong with Hanover/Lebanon Hub Major Draw—Surrounding Towns Experience Spillover Effect". Significant quotes include: "The average selling price in the towns of Claremont and Newport during 2005 was \$161,000, up over 18 percent over 2004, and 2004 was up about 13 percent over 2003. Charlestown average home prices for 2005 were up about 13 percent over 2004." "Claremont housing prices are rising with demand not only from buyers willing to commute north to Lebanon, but also by those looking to commute to Keene an equal distance to the south." "Prices have been rising more quickly in Claremont than other Upper valley towns, but still remain at bargain levels compared with cities in the hub like Lebanon and Hanover."

Because Claremont has an ample supply of subsidized elderly housing projects that provide or coordinate some services, the key to "The Meadows" may be seniors who still own their homes and may not qualify for elderly housing. Attachment 3 summarizes demographic projections for "The Meadows – Year 2010" relative to senior living units (independent with aging-in-place assisted services available if needed) and assisted living units in the 10 Mile Ring. While the total marketable potential for senior living is 393 units, assisted living is 213 units due to the expected focus on much older seniors with physical or sensory disabilities. This is a greater marketing challenge and risk since assisted living seniors "turnover" more quickly, and state reimbursement requires

that participants be "nursing home eligible." This may reduce the private pay proportion at Sullivan County Health Care.

The "Marketview Comparison—Selected Indicators" from Attachment 3 indicate positive trends relative to the projected growth of the population, relative proportion of the senior segment, percentage of homeowners, and general economic projections. Most notable is the projected percentage of seniors with income over \$35,000. The county is only slightly below the state level at 51%, while 43% for the 5 Mile Ring (Greater Claremont) indicates a significant proportion of seniors who could afford a senior and assisted living alternative—and this does not reflect senior home equity value contributions.

Finally, the only comparable "competitive" senior community is Summercrest in Newport. This community is owned by Valley Regional Hospital and local investors. This is an attractive modern facility consisting of thirty-six independent and assisted living apartments (studio and one and two bedroom units). The owners are considering adding cottages and a memory impaired section. A few of the units are reserved for home and community-based care waiver subsidized residents. The market appears to be primarily east county and contiguous towns, with 10% of the residents reported to have a previous residence in Claremont. The private charges are fairly high (range \$2,285-\$3,625 for independent with basic services, and \$3,295-\$4,305 for full assisted living). There is a \$550-\$1,100 additional fee for a second occupant in the same apartment. An economic advantage for "The Meadows" in keeping the private charges more affordable will be no site acquisition or lease costs, property tax exemption, and non-profit status (no profit return to investors). The market advantage will be having a full continuum of care including independent, assisted, nursing care, memory impaired, and rehabilitation services as needed.

#### **4. Regulatory and Approvals**

Preliminary indications seem quite favorable for this project. This will be researched further in phase II. The key aspects are as follows:

- ✓ Cities and Counties in New Hampshire are apparently exempt from local land use requirements. Therefore, zoning approval (or lack thereof) does not appear to be an issue with the existing site.
- ✓ The Counties in New Hampshire are property tax exempt. If property taxes are not part of the resident costs for "The Meadows", this will make the project much more affordable for the middle class seniors.
- ✓ To the extent that bond financing is required, it appears that this project would be eligible under the New Hampshire Municipal Bond Bank auspices for low interest tax exempt financing.
- ✓ Currently, assisted living in New Hampshire is under either residential care or supported residential care licensure. This will need to be further evaluated, but the requirements are not overly restrictive in our experience.
- ✓ Counties are subject to Certificate of Need regulations for new beds. Most likely, the county could request a letter indicating that this project is "not subject to Certificate of Need" for the type of beds being licensed.
- ✓ Medicaid certification should not be an issue. The county was previously licensed for residential care beds.
- ✓ The opportunity exists to create a non-profit 501(C)(3) corporation, with final control and reserved powers maintained by the county. This requires legal research, but may allow "The Meadows" to remain under county auspices without the full restrictions and encumbrances of a county operation. This may enhance flexibility, marketability and financial affordability.

Overall, it certainly seems that there are highly positive regulatory and approval factors that would not hinder this project, and possibly make it very competitive and affordable for a broad range of seniors in the Primary Market Area.

## 5. Definitive Conceptual Plan

We would suggest the following as a working definitive conceptual plan for purposes of market testing via the focus groups:

- ✓ Affordable senior independent living with "aging-in-place" services, including full assisted living at an additional cost or with a subsidy if the resident is eligible. This will keep front end costs on a lower basis for entry level residents.
- ✓ Core "aging-in-place" and supportive services to include wellness and prevention (nurse specialist), transportation, housekeeping, maintenance, dining, activities and "guest" services, fitness center with a "swim spa". Full assisted living would be an add-on or state subsidized cost.
- ✓ Consideration of capital financing through both resident entry fees (90% refundable when the next resident moves in) and bond financing. This will keep interest expense lower, and provide a financial return as the apartments turn over. Because the nursing and rehabilitation services can expect long range financial pressure due to regulatory and reimbursement restrictions, the new community should be expected to provide some offsetting positive revenue. Monthly fees (overhead, staff, etc.) would be set at cost with a modest positive margin.
- ✓ Consideration should be given to a "scholarship fund" to assist residents who cannot afford the entry fee, or whose resources become insufficient over time. As currently defined, some of these residents may not qualify for state assistance. A 501(C)(3) non-profit corporation would have the advantage of fund development for a scholarship fund through private donations and foundation grants. This method was very successful with a similar Upper Valley senior community.
- ✓ Resident units would be mostly apartments and not suites or studios. This reflects the independent "aging-in-place" program, and the well documented preferences of



seniors for residential accommodations with more space and amenities. The overall square footage should remain within the affordability parameters.

- ✓ Residents at "The Meadows" would have priority for nursing, memory impaired, and rehabilitation beds if needed.
- ✓ Site options to be tested with the focus group participants will include a "country setting" with direct access to Sullivan County Health Care Services if needed, and a possible "city setting" that would be part of the SCHC continuum of care but without some of the access and affordability advantages of being on the Sullivan County Health Care campus.

All of the above will be evaluated in greater financial detail with market testing and architect and general contractor pricing input. This information will be delineated in the Business Plan and Feasibility Review.

## 6. **Next Steps**

- ✓ Complete the Market and Planning Overview Executive Summary which was verbally presented on April 25. This document fulfills this step. It is our opinion that this is a very favorable assessment at this point in time.
- ✓ Proceed with research and confirmation of the business plan elements relative to financing, costs, approvals, financial results, and implementation plan.
- ✓ Complete the focus group market test sessions during the week of May 15. Complete the analysis of the questionnaire responses as soon thereafter as possible.
- ✓ Based upon the focus group input, re-evaluate the business plan.

- ✓ Complete and submit a draft report by June 5. Per the agreement, this may not include the full focus group results although it is our intention to include these results if at all possible.
- ✓ Review the draft report with the County Delegation and the County Commissioners and staff on June 12.
- ✓ With this input, complete and submit the final report.

## B. **Business Plan and Feasibility Review**

Assistance was provided by Morris Switzer Environments for Health (architects, engineers, and construction management). This firm specializes in senior living projects, and currently provides services for Sullivan County Health Care. The following will be provided under separate cover: conceptual exterior image, site plan, building floor plans, and unit floor plans.

The focus group market test was rescheduled for June 19-20. These results will be submitted upon completion of the analysis, and will include any suggested revisions to the business plan. Based upon our analysis to date, the following are the working assumptions for business planning purposes:

- Forty-one apartments with 2 suites (385 square feet), 8 one-bedroom (635 square feet), and 31 two-bedroom (895 square feet).
- An independent congregate living program with a personal emergency response system (Lifeline or similar), a meal plan option, transportation, activities, weekly housekeeping, on-site wellness program, reception/security, and personal care assisted living services available at an additional fee.
- Financing primarily through resident equity (entry fees), with a 90% refund when the next resident moves in, and monthly fees based upon needs and costs. Please refer to the attached entrance fee financing worksheet.

- Priority given to local residents and their immediate relatives who are qualified seniors, with a funded scholarship program with defined parameters. In addition, assisted living reimbursement (below cost for nursing home qualified residents) will also be available with licensure as a supported residential care facility.
- Some open parking, with covered parking available at an addition fee.
- Availability of a group long term care insurance plan, and priority admission to Sullivan County Health Care for rehabilitation, nursing, and memory impaired care.

Please refer to the following tables:

Table 1 – Staffing Pattern

Table 2 – Estimated Capital Expenditure

Table 3 – Projected Statement of Revenue and Expense

Table 4 – Entrance Fee Financing Worksheet

For purposes of the financial projections, operating and feasibility assumptions for forty-one apartments include:

- 50% of the apartments will have double occupancy, with 5% vacancy.
- 3% annual inflation in operating costs and fees.
- Average monthly fees for year one are projected as follows:

|                 |         |
|-----------------|---------|
| First Resident  | \$1,450 |
| Second Resident | \$ 650  |

- Full assisted living services are a pass-through expense.
- 90% refundable entry fees as follows:

|                       |           |
|-----------------------|-----------|
| Suite apartment       | \$ 95,000 |
| One-bedroom apartment | \$155,000 |
| Two-bedroom apartment | \$215,000 |

- Total project cost is \$7,893,845
- Total gross square footage is 47,033
- Capital reserve fund is 1.5% annually of the total project cost.
- Construction interest at a 6% annual rate.
- There are 10.55 full-time equivalent staff, exclusive of assisted living services.
- Fringe benefits and non-wage costs are calculated at 25%.
- Cash flow includes the capital reserve fund.
- Construction and site costs are estimated at \$142.50 per gross square foot.
- Supplies and purchased services include meal service, building services, resident services, administration and general expenses, and related costs.
- With 100% pre-leasing, it is assumed that year one and subsequent years will be at full occupancy without long term debt.

Given 100% pre-leasing prior to construction, year one should produce a positive cash flow of \$123,698 along with retiring all of the construction debt through the entry fees. Please refer to the attached Entrance Fee Financing Worksheet to assess the long range economic value of this financing mechanism. Assuming a 3% annual increase in apartment values and 12% turnover in year ten, the annual equity return to the owners would be \$438,235.

This project shows very positive feasibility indicators including the following:

- Strong sponsor reputation and very little competition.
- Attractive and buildable site.
- The qualified market projections show a potential market well in excess of the forty-one apartments envisioned.

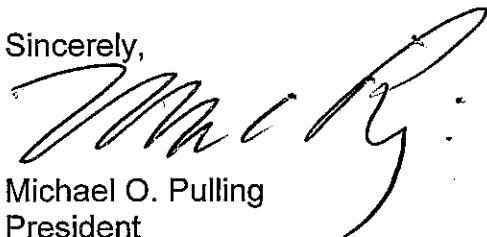
Overall, we feel that this project is highly marketable and feasible, given the nature of the project, market demand, sponsor support, and current lack of local alternatives.

We would suggest the following implementation schedule.

- |  |          |
|--|----------|
| • Board and Management Approval            | Month 1  |
| • Select Project Manager                   | Month 1  |
| • Select Architect/General Contractor      | Month 1  |
| • Complete Planning Guidelines             | Month 2  |
| • Complete Architect Agreement             | Month 2  |
| • Initial Schematic Design                 | Month 4  |
| • Complete Permitting and Approvals        | Month 4  |
| • Resident and Priority List Meetings      | Month 4  |
| • Complete Prospectus Brochure             | Month 5  |
| • 100% Priority List Pre-Leasing           | Month 9  |
| • Finalize Residency Agreements            | Month 9  |
| • Complete Design Development              | Month 10 |
| • Complete Working Drawings                | Month 12 |
| • Complete Resident Construction Deposits  | Month 12 |
| • Finalize Construction Financing          | Month 12 |
| • Start Construction                       | Month 12 |
| • Initial Operations Planning and Staffing | Month 18 |
| • Resident Occupancy Deposits              | Month 23 |
| • Initial Occupancy                        | Month 24 |

It has been a great pleasure working in Sullivan County, and with "The Meadows" sponsors and staff. We are looking forward to reviewing this report with you, and to assisting with implementation as appropriate. Thank you once again for your confidence and trust.

Sincerely,



Michael O. Pulling  
President

Attachments

**Table 1**  
**Staffing Pattern**  
**41 Apartments**

| <u>Title</u>              | <u>FTEs</u>  | <u>Gross Salary and Wages</u> |                |                |
|---------------------------|--------------|-------------------------------|----------------|----------------|
|                           |              | <u>Year 1</u>                 | <u>Year 2</u>  | <u>Year 3</u>  |
| Program Director          | 1.00         | 57,200                        | 58,916         | 60,683         |
| Wellness Nurse            | 0.50         | 20,280                        | 20,888         | 21,515         |
| Staff Nurses              | 0.00         | 0                             | 0              | 0              |
| Resident Assistants       | 0.00         | 0                             | 0              | 0              |
| Physical Therapy          | 0.00         | 0                             | 0              | 0              |
| Activities/Transportation | 0.70         | 16,744                        | 17,246         | 17,764         |
| Dietary                   | 3.50         | 102,648                       | 105,727        | 108,899        |
| Housekeeping              | 2.00         | 47,840                        | 49,275         | 50,753         |
| Maintenance               | 0.75         | 23,400                        | 24,102         | 24,825         |
| Laundry                   | 0.00         | 0                             | 0              | 0              |
| Social Services           | 0.00         | 0                             | 0              | 0              |
| Reception/Office          | 2.10         | 52,416                        | 53,988         | 55,608         |
| <b>Total</b>              | <b>10.55</b> | <b>320,528</b>                | <b>330,142</b> | <b>340,047</b> |

*Note: Salary and wages inflated at 3% per year.*

**Table 2**  
**Estimated Capital Expenditure**  
**41 Apartments**

|  |                  |
|--|------------------|
| Land Acquisition Costs                     | 0                |
| Building Acquisition Costs                 | 0                |
| Construction Contract                      | 6,702,203        |
| Fixed Equipment Not in Contract            | 0                |
| Major Movable Equipment                    | 164,000          |
| Site Survey/Soil Investigation             | 33,511           |
| Architectural/Engineering Costs            | 435,643          |
| Pre-Filing Planning/Development            | 134,044          |
| Post-Filing Planning/Development           | 67,022           |
| Legal and Accounting                       | 40,213           |
| Other                                      | 50,267           |
| <b>Total Construction Costs</b>            | <b>7,626,903</b> |
| Net Construction Interest                  | 228,807          |
| Costs of Securing Financing                | 38,135           |
| Bond Discount                              | 0                |
| Other                                      | 0                |
| <b>Total Financing Costs</b>               | <b>266,942</b>   |
| <b>Estimated Total Capital Expenditure</b> | <b>7,893,845</b> |

**Table 3**  
**Projected Statement of Revenue and Expense**  
**41 Apartments**

|                                       | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> |
|---------------------------------------|---------------|---------------|---------------|
| <b>Gross Resident Service Revenue</b> | 877,200       | 903,516       | 930,621       |
| Less Contractuals                     | 0             | 0             | 0             |
| Prov Doubtful Accounts                | 0             | 0             | 0             |
| Free Care                             | 0             | 0             | 0             |
| Other                                 | 0             | 0             | 0             |
| Net Resident Revenue                  | 877,200       | 903,516       | 930,621       |
| Other Operating Revenue               | 0             | 0             | 0             |
| <b>Net Operating Revenue</b>          | 877,200       | 903,516       | 930,621       |
| <br><b>Operating Expenses</b>         |               |               |               |
| Salaries and Wages                    | 320,528       | 330,142       | 340,047       |
| Fringe Benefits                       | 80,132        | 82,536        | 85,012        |
| Purchased Services                    | 210,861       | 217,187       | 223,702       |
| Supplies/Other Expenses               | 141,981       | 146,240       | 150,628       |
| Capital Reserve Fund                  | 118,407       | 118,407       | 118,407       |
| Interest                              | 0             | 0             | 0             |
| <b>Total Operating Expenses</b>       | 871,909       | 894,512       | 917,796       |
| <br>Gain (Loss) from Operations       | 5,291         | 9,004         | 12,825        |
| <br>Cash Flow                         | 123,698       | 127,411       | 131,232       |

*Notes: Inflated at 3% per year.  
Capital Reserve Fund is Incremental.  
Totals may differ slightly due to computer rounding.*



## Table 4

### Entrance Fee Financing Worksheet

#### 1. Financing

|  |                    |
|--|--------------------|
| Total Project Cost                                       | \$7,893,845        |
| Priority Deposits (Refundable) \$2,500 x 41              | \$102,500          |
| 10% Construction Deposits (Non-Refundable) \$21,500 x 31 | <u>\$809,500</u>   |
| \$15,500 x 8   |                    |
| \$ 9,500 x 2   |                    |
| <u>Total Pre-Construction</u>                            | \$912,000          |
| Occupancy Deposits                                       | <u>\$7,183,000</u> |
| <u>Capital Surplus</u>                                   | \$201,155          |

#### 2. Results

|  |           |
|--|-----------|
| Year One Average Apartment Value \$197,439               |           |
| Year Ten Average Apartment Value \$265,342 @ 3% annually |           |
| 12% Annual Turnover (5 Apartments)                       |           |
| \$177,695 Average to Resident or Estate (90% Refund)     |           |
| \$87,647 to Owner x 5 Apartments                         | \$438,235 |

## Attachment 1

### Recent Gerontological Research for Seniors

It is useful to summarize some recent research in gerontology to put the possible future prospects for the seniors in perspective, and to downplay certain prevalent myths. Key research findings include:

"The fastest-growing segment is not the middle-aged (those baby boomers again) or the merely old, but the oldest old – people who are 85 and older...But the news from gerontologists...is that the oldest old fare better than one might expect." (New York Times article, *If You're Really Ancient, You May Be Better Off*)

"In the United States, life expectancy at the age of 80 and survival from the ages of 80 to 100 significantly exceeded life expectancy in Sweden, France, England, and Japan. The average life expectancy in the United States is 9.1 years for 80-year old white women and 7.0 years for 80-year old white men."

"The result was striking: the mortality rate was 1.93 lower than in the secular communities. Religious belief was associated with a reduced death rate in both men and women, and it was observed consistently in every 10-year age group above age 35. Strong faith may help people fight back, reducing their risk of heart disease and enhancing their longevity." (Harvard Men's Health Watch, *Faith and Longevity: Is There a Link?*)

"But male aging is a red-hot field of research, and data from many studies are nearing key milestones this year. Forging ahead, researchers at NIH and a number of universities are studying hormones, such as human growth hormone and insulin-like growth factor-1, for their effects on aging. While many hope for answers soon, the field is still young. We're now with males where we were 20 years ago with females." (Wall Street Journal)

"America's elders are staying healthier for longer than ever. Chronic disability rates have dropped nearly 15 percent since 1982. Because of this, 400,000 fewer Americans were living in nursing homes.....than might be expected based on 1982 disability rates." (National Academy of Sciences)

"Books that promise to reveal how to live to 100 are 'extremely misleading', complains Dr. Thomas Perls, co-director of the New England Centenarian Study. But that didn't stop him from writing his own book, titled 'Living to 100: The Art and Science of Aging'. But avoiding premature death would be a hollow victory if the remaining years were burdened with increasing decrepitude and dependency. But there is good news about that too. American elders of all ages are less disabled than they were a decade or so ago, according to ongoing research by Duke University scientists."

"Life is getting better for older Americans, judging from a drop in the percentage of those who report difficulty in mundane but all-important tasks such as reading a newspaper, climbing stairs, and hefting groceries. The greatest gains, according to a Rand Corporation analysis of Census Bureau data published today, have occurred among the oldest individuals – those over 80. That bodes well for those approaching such advanced

years and for society as a whole. Hopefully this means that more elderly should be able to work and live independently."

"Eighty-nine percent of those 65 to 74 report no disability, and even after age 85, 40% of the population is fully functional. Not only are disability rates falling, but the proportion of elders residing in nursing homes has declined from 6.3% in 1982 to the current 4.1%. Sixty-five year old American men are likely to spend 12 of their remaining 15 years fully independent. Today there are at least 1.4 million fewer disabled older persons in the United States than there would have been if the health status of the elderly had not improved since 1982." (Science Journal)

"The number of people aged 65 and over who were classified as disabled has steadily decreased since 1982. Researchers found that the percentage of the elderly who could not perform simple tasks such as cooking, bathing, or dressing themselves declined significantly from 1982. More older people are taking daily aspirin to ward off strokes, heart attacks, and colorectal cancer."

"Several trends are apparent in the latest longevity numbers. One is a rapid narrowing in the gender gap, as male mortality rates, particularly for those 65 and older, have fallen far faster than female rates."

"We found that attendance at religious services predicted lower mortality in an elderly white population. Even after controlling for six classes of potential confounding and intervening variables, we were unable to explain the protection against mortality offered by religious attendance." (American Journal of Public Health)

"The most consistent predictors of healthy aging were low blood pressure, low serum glucose, not smoking cigarettes, and not being obese. Beyond the biological effects of aging, much of the illness and disability in the elderly is related to risk factors present at midlife." (*Predictors of Healthy Aging in Men With High Life Expectancies*, American Journal of Public Health)

"When you compare 65 to 74-year old individuals in 1960 with those similarly aged today, you find a dramatic reduction in the prevalence of three important precursors to chronic disease: high blood pressure, high cholesterol levels, and smoking. We also know that there were significant reductions in the prevalence of arthritis, arteriosclerosis (hardening of the arteries), dementia, hypertension, stroke and emphysema (chronic lung disease), as well as a dramatic decrease in the average number of diseases an older person has. And dental health has improved as well."

*These health and aging research trends suggest that there is much that senior living communities can do to benefit the health and well-being of their residents at all ages. Given health education and prevention, residents and prospective residents will be living both longer and more productive lives.*

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## Attachment 2

### Sullivan County 2005 House Values by Resident Origin

|                   | <u>Aver. Sales Price</u> | <u>Median Sales Price</u> | <u>Sales Range</u>   | <u>% @ SCHC</u> |
|-------------------|--------------------------|---------------------------|----------------------|-----------------|
| Sullivan County   | \$242,979                | \$185,400                 | \$25,000-\$2,800,000 | 82%             |
| City of Claremont | \$153,055                | \$149,700                 | \$69,900-\$369,900   | 44%             |
| Charlestown       | \$160,686                | \$143,450                 | \$59,000-\$375,000   | 14%             |
| Newport           | \$179,526                | \$169,000                 | \$71,000-\$365,000   | 13%             |
| Unity             | \$190,138                | \$155,000                 | \$98,000-\$375,000   | <u>3%</u>       |
|                   |                          |                           |                      | 74%             |

**Primary Market Area Weighted Average Sales Price - \$168,549**

## Attachment 3

### The Meadows - Year 2010

#### 10 Mile Ring – Potential Market for Senior Living Units

| Homeowners<br>65+ | Potential<br>Homeowner<br>Market (90%) | Renters<br>65+ | Above<br>Median<br>Income | Potential<br>Renter<br>Market | Total Age +<br>Income<br>Qualification | Total<br>Potential<br>* |
|-------------------|--|----------------|---------------------------|-------------------------------|--|-------------------------|
| 4,582             | 4,124                                  | 2,216          | 50%                       | 1,108                         | 5,232                                  | 314                     |

\* 6% Penetration Rate

Total Market Area 314

Estimated Non-Area 79

**Total Potential 393**

#### 10 Mile Ring – Potential Market for Assisted Living Units

| Homeowners<br>65+ | Potential<br>Homeowner<br>Market (90%) | Renters<br>65+ | Above<br>Median<br>Income | Potential<br>Renter<br>Market | Total Age +<br>Income<br>Qualification | Total<br>Potential<br>* ** |
|-------------------|--|----------------|---------------------------|-------------------------------|--|----------------------------|
| 4,582             | 4,124                                  | 2,216          | 50%                       | 1,108                         | 5,232                                  | 170                        |

\* 6% Penetration Rate

Total Market Area 170

\*\*54% Physical or Sensory Disability

Estimated Non-Area 43

**Total Potential 213**

### Marketview Comparison Selected Indicators

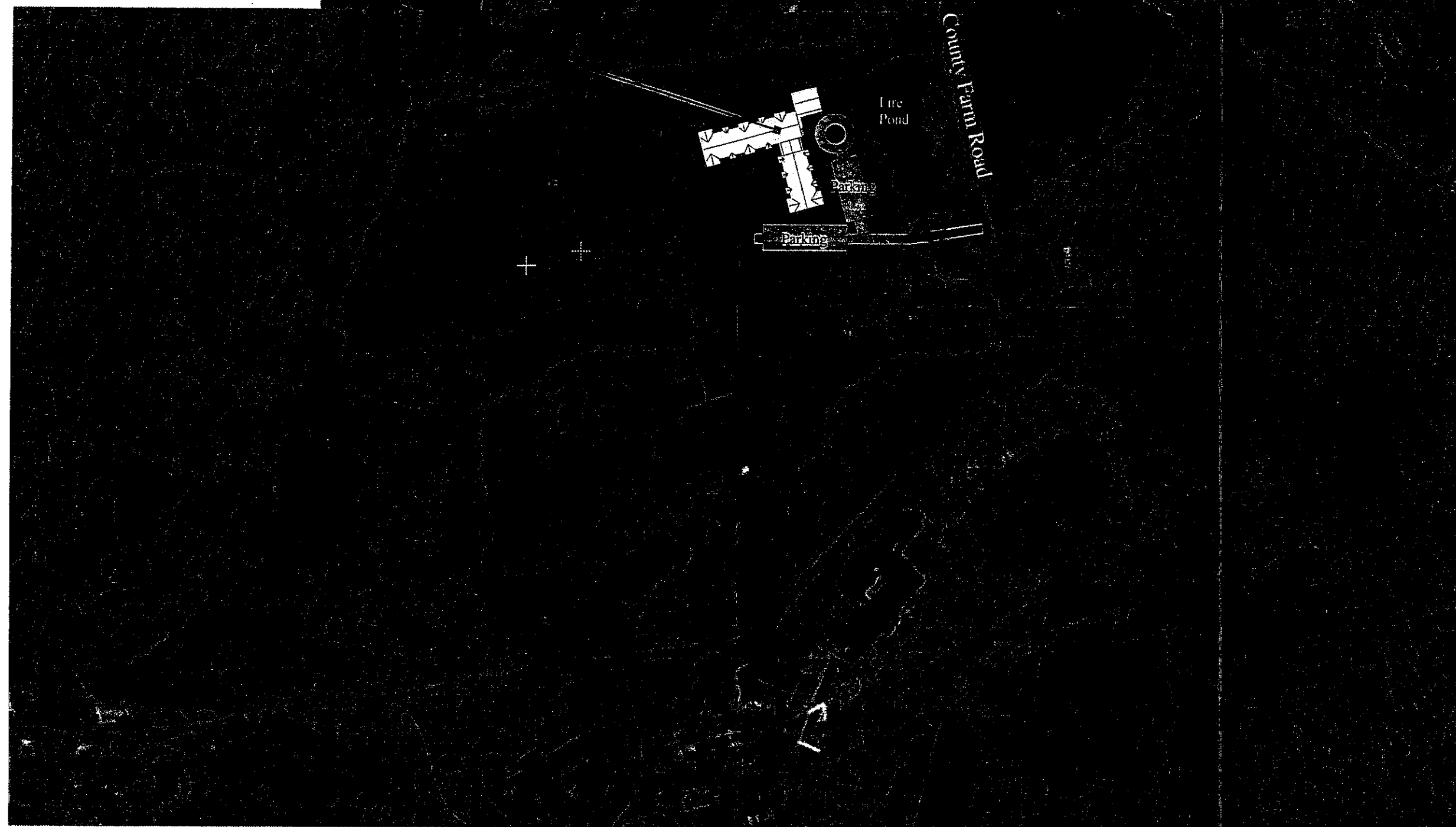
|                                       | 5 mile    | County    | State     |
|---------------------------------------|-----------|-----------|-----------|
| Projected Senior Population Year 2010 | 2,349     | 14,236    | 191,130   |
| Percent Change 2005-2010              | +10%      | +18%      | +18%      |
| Minority Population                   | 4%        | 2%        | 5%        |
| Age 65+                               | 17.4%     | 17.3%     | 13.8%     |
| Age 75+                               | 9.1%      | 8.1%      | 6.3%      |
| Householders Age 65+                  | 1,487     | 4,991     | 114,624   |
| Average Household Income 2010         | \$60,294  | \$69,135  | \$80,378  |
| Median Household Income 2010          | \$46,835  | \$54,897  | \$63,512  |
| Owner Occupied 2010                   | 60.2%     | 72.5%     | 70.7%     |
| Seniors \$35,000+ Income 2010         | 43%       | 51%       | 53%       |
| Projected Median Housing Value        | \$173,194 | \$190,959 | \$249,695 |

Source: Claritas/National Planning Data Corp.



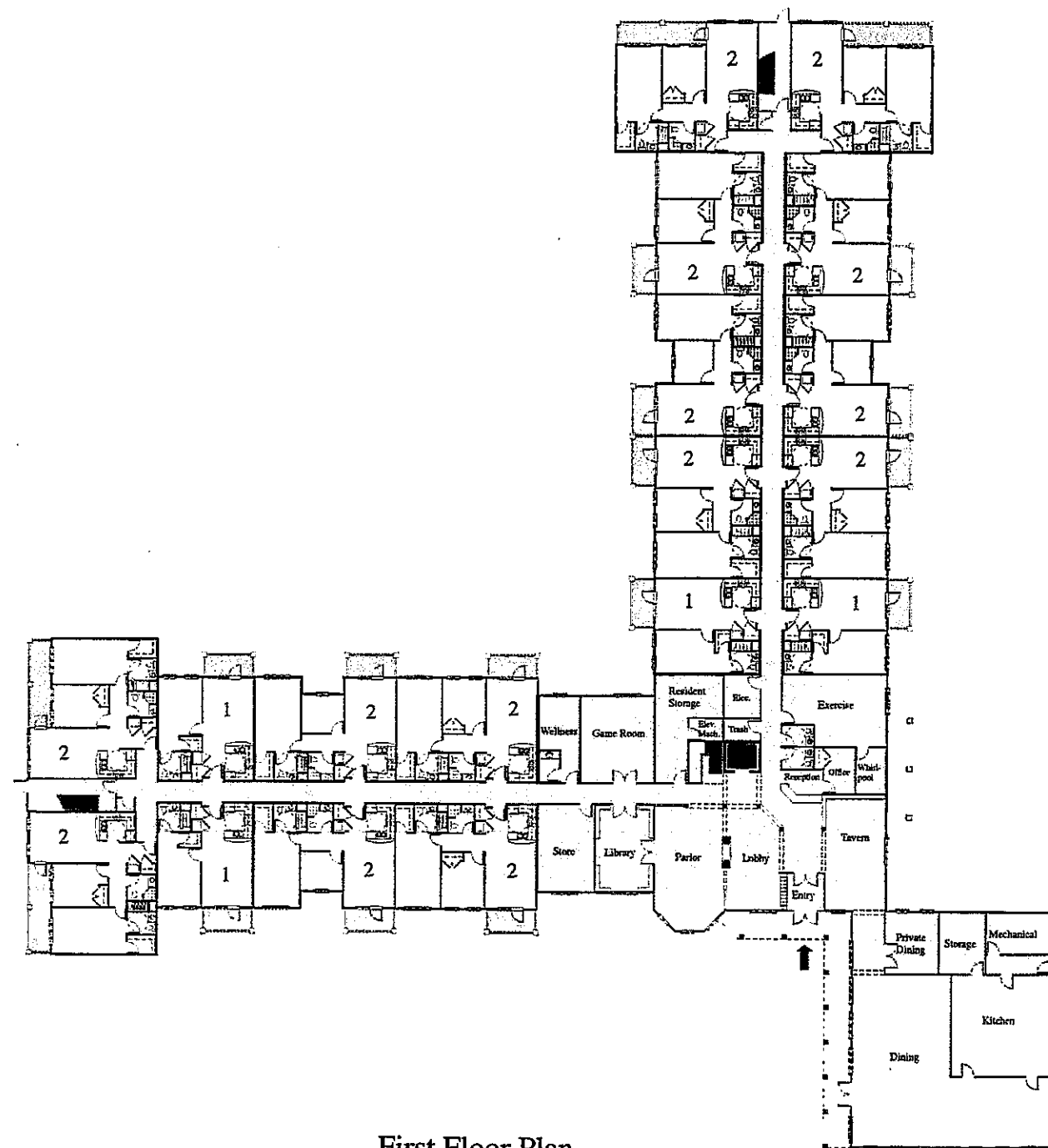
The Meadows  
Sullivan County, New Hampshire  
May 5, 2006

Potential Location  
for New Building

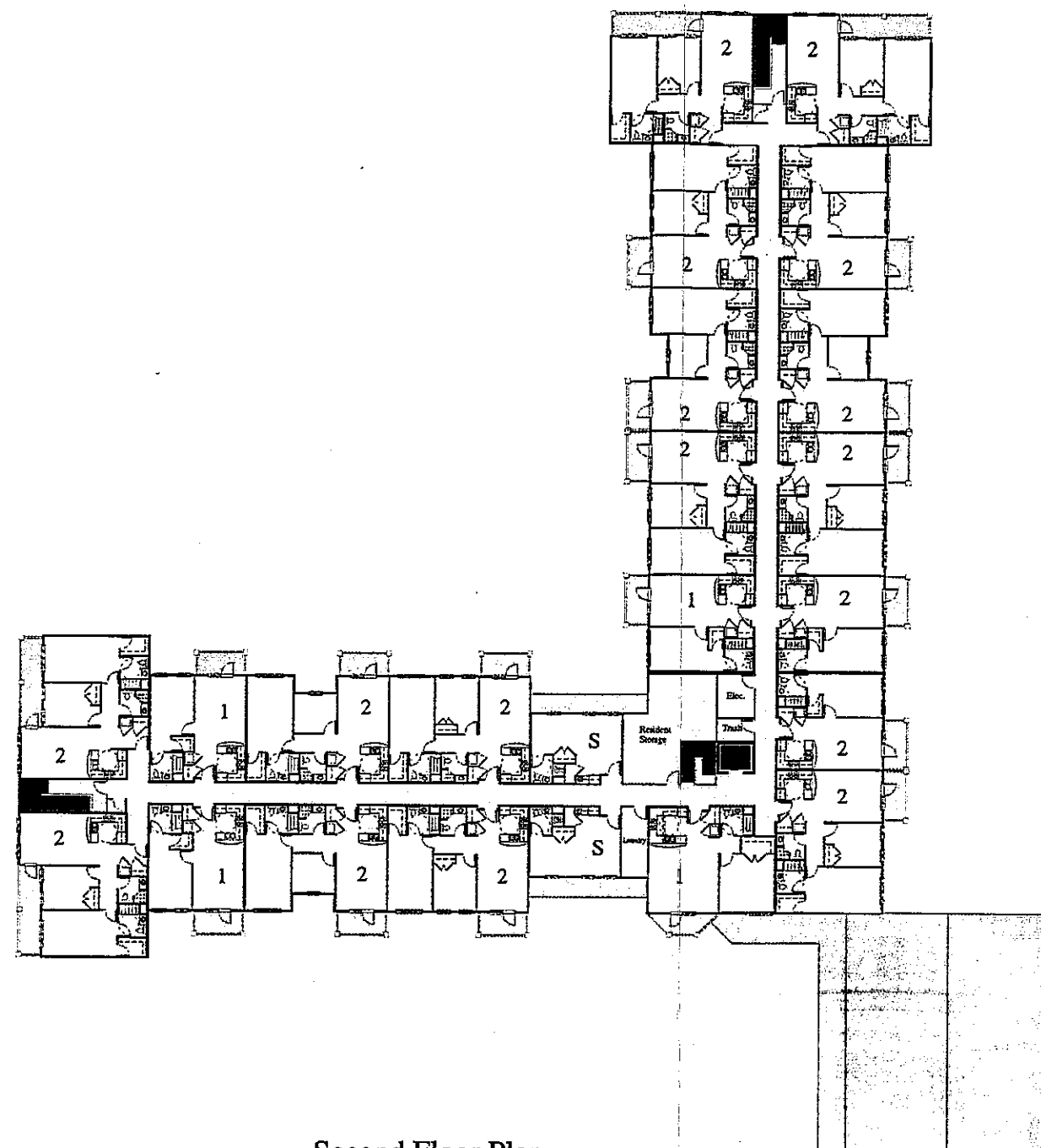


The Meadows  
Sullivan County, New Hampshire  
May 5, 2006

 MorrisSwitzer  
Environments for Health

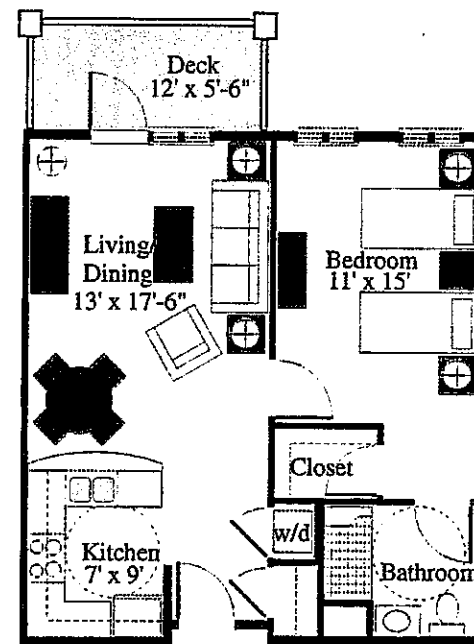


First Floor Plan

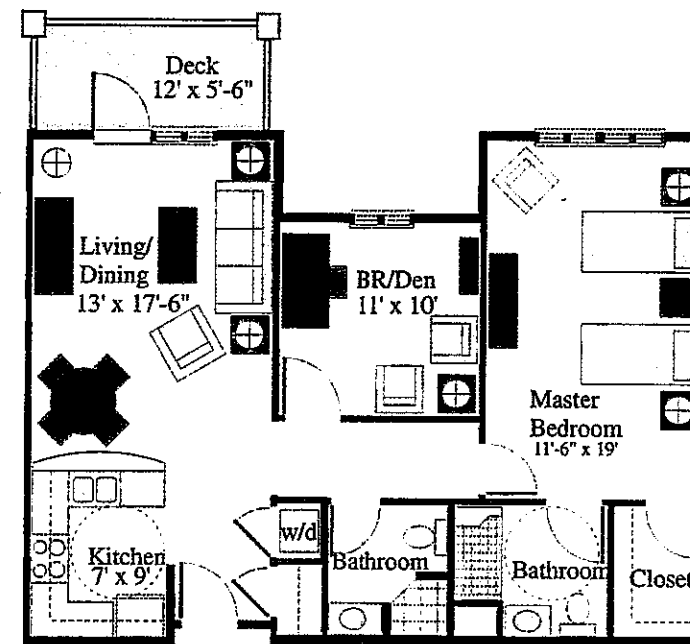


Second Floor Plan

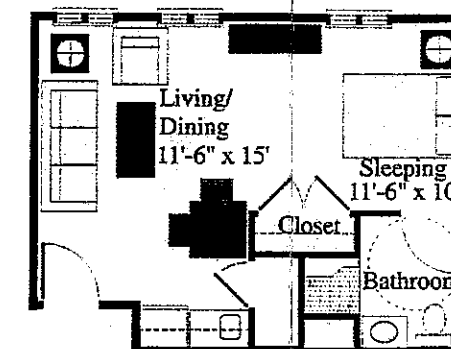




One Bedroom  
635 Square Feet



Two Bedroom  
895 Square Feet



Studio  
385 Square Feet